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STEEL BROTHERS AND COMPANY LIMITED

*Report and Accounts
for the year ended
31st December, 1965*

Tel. 266-6211

Steel Brothers Canada Ltd.

D. E. W. Thomas

PRESIDENT

*8699 Angus Drive
Vancouver 14, B.C.*

STEEL BROTHERS AND COMPANY LIMITED

(Incorporated under the Companies Acts 1862 to 1890)

DIRECTORS

WILLIAM FRANCIS GRAHAM SALKELD, (*Chairman and Managing Director*)

PERCY GEORGE GRAHAM SALKELD, C.B.E.

GORDON STEWART NICOLL, C.B.E.

CHARLES HENRY ELLIOTT, (*Managing Director*)

JAMES HAROLD GAUNT, C.A., (*Managing Director*)

HECTOR WILLIAM HARBEN VALENTINE, (*Director Manager*)

SECRETARY

JAMES GODFREY McCULLOCH

SOLICITORS

WALTONS, BRIGHT & CO.

AUDITORS

DELOITTE, PLENDER, GRIFFITHS & CO.

OFFICES

CHESTERFIELD HOUSE, 26 to 28, FENCHURCH STREET, LONDON, E.C.3.

**Branches,
Subsidiaries,
and Associates
in:-**

Aden	Libya
Canada	Pakistan, East
Ceylon	Pakistan, West
Cyprus	Qatar
India	Tanzania
Iraq	Trucial Coast
Jordan	Uganda
Kenya	and the
Kuwait	United Kingdom
Lebanon	

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SEVENTY-FIFTH ANNUAL GENERAL MEETING of STEEL BROTHERS & COMPANY, LIMITED, will be held at the Offices of the Company, Chesterfield House, 26 to 28, Fenchurch Street, E.C.3, in the City of London, on Tuesday the 23rd August, 1966, at 11 a.m., for the following purposes:—

To receive and, if approved, adopt the Directors' Report and Accounts for the year ended 31st December, 1965.

To elect Directors.

To transact any other ordinary business of the Company.

A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

By Order of the Board,

J. G. McCULLOCH

Secretary.

28th July, 1966.

NOTE:—This Notice is being sent to all Members, but only the Deferred Ordinary Shareholders are entitled to attend and vote at the Meeting.

REPORT OF THE DIRECTORS

Together with Statement of Accounts to be submitted to the
Seventy-Fifth Annual General Meeting of the Company.

1. The Directors have pleasure in presenting the Accounts of the Company, together with the Group Accounts, for the year ended 31st December, 1965.

2. The Profit of the Company before taxation, as shown in the Profit and Loss Account, amounted to £516,969

Deduct:

Provision for taxation	325,000
	<u>191,969</u>

Add:

Part of amounts formerly written off cost of shares in and loans to Canadian Subsidiaries now released following re-assessment of the value of such subsidiaries	202,131
Balance brought forward from 1964	333
	<u>394,433</u>

Deduct:

Dividends, less Income Tax:—

6 % First Preference Stock	28,200
7½ % Second Preference Stock	44,062
8 % Preferred Ordinary Stock	35,250
	<u>107,512</u>

Deferred Ordinary Shares—1s. 6d. per share, free of Income Tax, paid 31st March, 1966	37,500
	<u>145,012</u>

Transferred to Reserve for Contingencies ..	248,800
	<u>393,812</u>

Leaving a credit balance to be carried forward to 1966 of £ 621

3. Dividends on the First and Second Preference Stock were paid on 30th June and 31st December, 1965. An interim dividend of 4 per cent. on the 8 per cent. Preferred Ordinary Stock was paid on 31st December, 1965 and a final dividend of 4 per cent. on 31st March, 1966.

4. A first interim dividend on the Deferred Ordinary Shares of 1s. per share was paid on 31st December, 1965 out of the sum standing to the credit of Capital Profits account and a second interim dividend of 1s. 6d. per share free of Income Tax was paid on the 31st March, 1966 out of the profits for the year. No further distribution is recommended for the year 1965.
5. The Company is not a close company within the terms of the Finance Act 1965.
6. The Directors recorded in their 1964 Report that remittance facilities had not yet been sanctioned by the Burma Government in respect of the large funds lying in Burma. This position has not changed and realisation in sterling is still dependent upon the granting of remittance at the present rate of exchange.
7. In accordance with Article 109, Mr. W. F. G. Salkeld and Mr. G. S. Nicoll retire from the Board at the Annual General Meeting and offer themselves for re-election.
Mr. I. G. M. McGavin retired from the office of Secretary of the Company as at 31st March, 1966 after completing 49 years' service.
Mr. J. G. McCulloch was appointed Secretary of the Company as from 1st April, 1966.
8. The Auditors, Messrs. Deloitte, Plender, Griffiths & Co., will be re-appointed in accordance with Section 159(2) of the Companies Act 1948.

By Order of the Board,
J. G. McCULLOCH
Secretary.

26 to 28, Fenchurch Street,
London, E.C.3.
28th July, 1966.

STEEL BROTHERS

BALANCE SHEET

As at 31st December, 1965

	£	£	1964	£
FIXED ASSETS				
Land, Buildings, Plant and Equipment (Note 1) ..	144,210			151,708
Interest in other Companies:				
Subsidiary Companies (Note 2)	2,114,590			1,805,158
Associated Companies (Note 3)	<u>1,007,643</u>			<u>1,007,583</u>
		3,266,443	2,964,449	
NET CURRENT ASSETS				
Merchandise and Stores	324,538			297,047
Debtors and Payments in Advance	203,951			265,439
Current Accounts with:				
Subsidiary Companies	29,781			23,859
Associated Companies	132,170			39,077
Balances at Bankers (Note 8(c)):				
United Kingdom £ 63,035				82,814
Burma (see paragraph 6 of				
Directors' Report)	747,519			762,748
Elsewhere	<u>502,731</u>			<u>523,043</u>
	1,313,285			1,368,605
	<u>2,003,725</u>			<u>1,994,027</u>
<i>Less:</i>				
Employees' Deposits	157,554			163,393
Other Creditors	480,628			633,576
Provision for Taxation	378,216			156,075
Dividends	<u>55,125</u>			<u>30,875</u>
	1,071,523			983,919
		932,202	1,010,108	
		<u>£4,198,645</u>	<u>£3,974,557</u>	
FINANCED BY :				
Issued Capital				
6% Cumulative First Preference Stock	800,000		800,000	
7½% Cumulative Second Preference Stock	1,000,000		1,000,000	
8% Non-Cumulative Preferred Ordinary Stock	750,000		750,000	
Deferred Ordinary Shares of 10s. each, fully paid	<u>250,000</u>		<u>250,000</u>	
	2,800,000		2,800,000	
Reserves (Note 5)	1,398,645		1,174,557	
	<u>£4,198,645</u>		<u>£3,974,557</u>	

The Amount of the Authorised Capital is £4,000,000

The Notes on pages 12 and 13 form part of this Balance Sheet.

W. F. G. SALKELD }
C. H. ELLIOTT } *Directors.*
J. G. McCULLOCH, *Secretary.*

ND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 1965

	£	£	£	1964	£
PROFIT FOR THE YEAR (Note 6)			516,969	460,406	
<i>Less: Taxation</i> (Note 7)			<u>325,000</u>	<u>280,000</u>	
PROFIT AFTER TAXATION			191,969	180,406	
Part of amounts formerly written off cost of shares in and loans to Canadian Subsidiaries now released following re-assessment of the value of such subsidi- aries			202,131	—	
PROVISION AGAINST TRADE INVESTMENT, NO LONGER REQUIRED			<u>—</u>	<u>31,053</u>	
			394,100	211,459	
Balance brought forward from last year			<u>333</u>	<u>962</u>	
AVAILABLE FOR APPROPRIATION			394,433	212,421	
APPROPRIATIONS:					
Dividends, less Income Tax, for the year					
6% Cumulative First Preference Stock—Paid ..	28,200				29,400
7½% Cumulative Second Preference Stock—Paid..	44,062				45,938
8% Non-cumulative Preferred Ordinary Stock					
Interim Paid 31st December, 1965	17,625				18,375
Final Paid 31st March, 1966	<u>17,625</u>				<u>18,375</u>
		35,250			36,750
Deferred Ordinary Shares – Paid 31st March, 1966		37,500			
<i>Dividends for 1964</i>		<u>—</u>			<u>12,500</u>
		145,012			124,588
To Reserve for Contingencies		<u>248,800</u>			<u>87,500</u>
			393,812	212,088	
Balance carried forward			<u>£ 621</u>	<u>£ 333</u>	

The Notes on page 13 form part of this Profit and Loss Account.

CAPITAL PROFITS ACCOUNT

	£	1964	£
<i>Surplus of Proceeds over Original Cost of Assets sold during the year</i>	—	19,874	
<i>Distribution of a Capital Profit by an Associated Company</i>	—	<u>16,490</u>	
		36,364	
Balance brought forward from last year	331,724	<u>332,860</u>	
		369,224	
Dividend on Deferred Ordinary Shares			
Paid 31st December, 1965	25,000	—	
<i>Paid 31st December, 1964</i>	<u>—</u>	<u>37,500</u>	
Balance carried forward	<u>£ 306,724</u>	<u>£331,724</u>	

STEEL BROTHERS AND COMPANY

CONSOLIDATED BALANCE SHEET

As at 31st December, 1965

	£	£	1964	£
FIXED ASSETS				
Land, Buildings, Plant and Equipment (Note 1) ..	1,685,929			1,476,178
Goodwill	140,977			168,382
Interest in Associated Companies (Note 3).. ..	<u>1,759,151</u>			<u>1,610,414</u>
		3,586,057	3,254,974	
NET CURRENT ASSETS				
Merchandise, Oil Products and Stores	1,266,525			1,160,707
Debtors and Payments in Advance	1,760,346			1,994,813
Current Accounts with Associated Companies ..	155,069			60,226
Investments (Note 4)	4,216			423,094
Balances at Bankers and Short Term Deposits (Note 8(c)):				
United Kingdom £ 846,047				482,717
Burma (see paragraph 6 of Directors' Report) 848,821				865,990
Elsewhere <u>1,632,057</u>				<u>1,437,426</u>
	3,326,925			2,786,133
	<u>6,513,081</u>			<u>6,424,973</u>
<i>Less:</i>				
Employees' Deposits	178,196			179,245
Overdrafts at Bankers (Secured £284,043) ..	456,879			491,460
Other Creditors	2,762,864			2,710,392
Provision for Taxation	439,917			238,657
Dividend of Steel Brothers & Co. Ltd.	<u>55,125</u>			<u>30,875</u>
	3,892,981			3,650,629
		2,620,100	2,774,344	
		<u>£6,206,157</u>	<u>£6,029,318</u>	
FINANCED BY :				
Issued Capital of Parent Company	2,800,000			2,800,000
Reserves (Note 5)	<u>2,081,986</u>			<u>1,905,281</u>
		4,881,986	4,705,281	
Minority Interest in Subsidiaries		<u>1,324,171</u>	<u>1,324,037</u>	
		<u>£6,206,157</u>	<u>£6,029,318</u>	

The Notes on pages 12 and 13 form part of this Balance Sheet.

W. F. G. SALKELD }
 C. H. ELLIOTT } *Directors.*
 J. G. McCULLOCH, *Secretary.*

LIMITED AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December, 1965

	£	£	£	1964	£
PROFIT FOR THE YEAR excluding Income set out below and after charging Depreciation £175,636 (1964: £163,708) ..	550,105				359,740
INVESTMENT INCOME :					
Trade Investments	166,052				180,887
Other Investments	8,145				14,067
		724,302	554,694		
<i>Less: Taxation (Note 7)</i>		477,335	379,734		
PROFIT AFTER TAXATION		246,967	174,960		
<i>Less: Interests of minority Shareholders</i>		49,408	33,905		
		197,559	141,055		
Credit arising from recomputing the accumulated depreciation provisions required in respect of the assets of the Canadian Subsidiaries on their reorganisation into one Company ..		149,158	—		
PROVISION AGAINST TRADE INVESTMENT. NO LONGER REQUIRED		—	31,053		
		346,717	172,108		
Balance brought forward from last year	64,610				87,104
<i>Transfer from a Dividend Equalisation Reserve of a subsidiary ..</i>	—				17,486
		64,610	104,590		
AVAILABLE FOR APPROPRIATION		411,327	276,698		
APPROPRIATIONS:					
Dividends, less Income Tax, of the Parent Company ..*	145,012				124,588
To Reserve for Contingencies	248,800				87,500
To Other Reserves	3,839				—
		397,651	212,088		
Balance carried forward attributable to the Parent Company ..		£ 13,676	£ 64,610		

*£25,000 also paid from Capital Profits (See Account on page 9)

The Notes on page 13 form part of this Profit and Loss Account.

NOTES FORMING PART OF THE ACCOUNTS

				Parent Company		Group	
				1965	1964	1965	1964
				£	£	£	£
1. FIXED ASSETS							
Land and Buildings at cost	..	..		229,476	229,476	1,134,340	1,154,514
Less: Depreciation to date	..	..		120,665	117,550	349,806	392,340
				<u>108,811</u>	<u>111,926</u>	<u>784,534</u>	<u>762,174</u>
Plant, Machinery, Vehicles, Furniture and Fixtures at cost	..	..		137,844	135,270	1,786,698	2,176,581
Less: Depreciation to date	..	..		102,445	95,488	885,303	1,462,577
				<u>35,399</u>	<u>39,782</u>	<u>901,395</u>	<u>714,004</u>
Total of Fixed Assets at cost	..	..		367,320	364,746	2,921,038	3,331,095
Less: Depreciation to date	..	..		223,110	213,038	1,235,109	1,854,917
				<u>144,210</u>	<u>151,708</u>	<u>1,685,929</u>	<u>1,476,178</u>
The figures of 'cost' for the Group include in 1965 the Canadian assets at the net amounts which have been incorporated in the Accounts of the new Canadian operating company under the re-organisation scheme.							
2. INTEREST IN SUBSIDIARY COMPANIES							
Shares at cost less amounts written off	..	..		1,079,105	1,431,564		
Loans less amounts written off	..	..		1,089,252	414,707		
				<u>2,168,357</u>	<u>1,846,271</u>		
Less: Amounts owing to Subsidiary Companies	..	..		53,767	41,113		
				<u>2,114,590</u>	<u>1,805,158</u>		
3. INTEREST IN ASSOCIATED COMPANIES							
Trade Investments at cost	..	..		1,058,500	1,058,440	1,420,907	1,272,170
Less: Amounts written off	..	..		50,857	50,857	50,857	50,857
				<u>1,007,643</u>	<u>1,007,583</u>	<u>1,370,050</u>	<u>1,221,313</u>
Trade Investments at Valuation	..	..		—	—	389,101	389,101
				<u>1,007,643</u>	<u>1,007,583</u>	<u>1,759,151</u>	<u>1,610,414</u>
4. INVESTMENTS							
Quoted in the U.K.	..	..				1,655	346,952
Quoted Overseas	..	..				2,561	76,142
						<u>4,216</u>	<u>423,094</u>
Market Value	..	..				<u>4,466</u>	<u>457,445</u>
5. RESERVES						Parent Company	Group
						1965	
						£	£
Capital Reserve from sale of assets	..	..				306,724	651,858
Reserve for Contingencies	..	..				636,300	636,300
Other Reserves, including Unappropriated Profits	..	..				455,621	793,828
						<u>1,398,645</u>	<u>2,081,986</u>
Movement on Reserves:							
At 31st December, 1964	..	..				1,174,557	1,905,281
Additions in 1965 per Profit and Loss Account							
Profits for the year	..	..				191,969	197,559
Credits in connection with Canadian Subsidiaries	..	..				202,131	149,158
						<u>1,568,657</u>	<u>2,251,998</u>
Less: Dividends	..	..				170,012	170,012
At 31st December, 1965	..	..				<u>1,398,645</u>	<u>2,081,986</u>

6. The profit of the Parent Company for the year includes dividends from Trade Investments £120,241 (1964 £136,524) and dividends from subsidiaries and is after charging depreciation £13,547 (1964 £14,436) and making a provision of £34,700 in respect of the devaluation of the Indian rupee as referred to under Note 8(b).

					Parent Company		Group	
					1965	1964	1965	1964
					£	£	£	£
7. TAXATION								
On the Profit for the Year								
United Kingdom								
Corporation Tax	..	..	..	..	139,000	—	139,000	—
Income Tax	..	..	..	..	53,000	195,000	53,000	194,655
Profits Tax	..	..	..	..	1,000	44,000	1,000	45,093
					<u>193,000</u>	<u>239,000</u>	<u>193,000</u>	<u>239,748</u>
Less: Double Taxation Relief	..	..			123,000	164,000	123,000	164,000
					<u>70,000</u>	<u>75,000</u>	<u>70,000</u>	<u>75,748</u>
Foreign	..	..	..	..	255,000	205,000	407,335	303,986
					<u>325,000</u>	<u>280,000</u>	<u>477,335</u>	<u>379,734</u>

8. GENERAL

- There were contingent liabilities in respect of guarantees for advances from time to time by bankers to subsidiaries, documentary credits opened with bankers on behalf of customers and bills negotiated.
- Assets and Liabilities in foreign currencies have been converted into sterling at rates ruling at 31st December, 1965 but because of the devaluation of the Indian rupee in 1966 provision has been made for an exchange loss in respect of the Parent Company's balances at its India branches which had not been remitted prior to devaluation.
- In some Countries where the Company and its subsidiaries operate, permission from Exchange Control Authorities is required for the remittance of funds from those countries.
In Burma, where the Company ceased business in April 1963, permission has not yet been granted for the remittance of bank balances amounting to £748,000 (Group £849,000) and the proceeds from the sale of properties with a book value of £109,000 have yet to be received.
- The reserves of certain subsidiaries abroad are subject to local taxation if distributed.
- The remuneration of the directors of the Company, charged in the year's Consolidated Accounts, amounts to £27,492 made up of fees £1,450 and other emoluments £26,042.

REPORT OF THE AUDITORS TO THE MEMBERS OF STEEL BROTHERS AND COMPANY LIMITED

We have examined the annexed Balance Sheet, Profit and Loss Account and Capital Profits Account of the Company and have obtained all the information and explanations which we considered necessary for our audit. In our opinion proper books of account have been kept by the Company and proper returns, audited locally and adequate for our audit, have been received from branches not visited by us. The said Accounts, which are in agreement with the books and returns, comply with the Companies Act 1948 and, read in conjunction with paragraph 6 of the Directors' Report, in our opinion respectively give a true and fair view of the state of the Company's affairs at 31st December 1965 and of the profit for the year ended on that date.

We have also examined the Consolidated Accounts of the Company and its subsidiaries with the audited accounts of those Companies, certain of which have not been audited by us. In our opinion the Consolidated Balance Sheet and Consolidated Profit and Loss Account comply with the Companies Act 1948 and, read in conjunction with paragraph 6 of the Directors' Report, respectively give a true and fair view of the state of affairs at 31st December 1965 and of the profit for the year ended on that date of the Company and its subsidiaries so far as concerns members of the Company.

DELOITTE, PLENDER, GRIFFITHS & CO.,
Chartered Accountants.

128, QUEEN VICTORIA STREET, LONDON, E.C.4.

28th July, 1966.

CHAIRMAN'S STATEMENT

Our profits from trading and investments are up on 1964 at £516,969 but heavier taxation leaves a net profit from trading and investments of £191,969 which is still rather better than in 1964. To this has to be added £202,131 being amounts formerly written off but now released in connection with the reorganisation of our Canadian interests. With the small sum brought forward from last year the balance for appropriation is £394,433. Dividends have been paid as set out in the Report of the Directors and it is proposed that the second interim dividend on the Deferred Ordinary Shares paid on 31st March should be treated as final. It has been decided to transfer the sum of £248,800 to Contingencies Reserve bringing that account up to £636,300. As you will see from the notes to the Balance Sheet we have provided £34,700 in 1965 being the exchange loss on 1965 profits and sundry sums due to us at 31st December, 1965, unremitted from India at the time the Indian Rupee was devalued.

In accordance with our normal practice members of the Board and/or Departmental Managers visited all the Company's spheres of operation during the year under review.

I comment below on our various activities.

UNITED KINGDOM:

Carbutt & Co. (1928) Ltd: This Company again made a small loss in the operation of their Hull mill. This seems unavoidable as long as white rice is allowed by our Government to be imported from America with a very large export subsidy from the American Government.

Carbutt's Subsidiary, Walter Holmes Ltd. of Hull, again had a rather poor year although indications are that 1966 will be somewhat better.

Yorkshire Agricultural Driers Ltd. made a satisfactory profit. It has recently acquired further land for its operations.

Sondes Place Research Laboratories Ltd: This Company made a sharp loss in 1965, largely due to the poor margin of profit allowed on Government contracts and the continued shortness of work on the chemical side. Business has improved in the past few months and there are hopes that 1966 will produce a better result.

Peterlite Products Ltd: Expanded Perlite Ltd: 1965 was again an unsatisfactory year and we have decided to close down the manufacturing operations of these two Companies.

H. G. Sanders & Son Ltd: A small profit was earned during 1965 and we are hopeful that the progress made will be maintained in the current year in spite of some falling off in orders and keen competition for the available business in the market for collapsible tubes.

Steel Brothers & Higgins (Insurance) Ltd: This Subsidiary Firm of Lloyd's Brokers has had another successful year, with a satisfactory increase in earnings and profit. Growth in 1966 is continuing.

**CHAIRMAN'S
STATEMENT**
(continued)

Negotiations for the purchase of two Insurance Broking Firms are nearing completion and we are seeking further suitable opportunities of investment in insurance and reinsurance.

Steel Brothers (Underwriting Agencies) Ltd: This Company has made progress after its first full trading year; as opportunities permit we hope to add further Names to the Lloyd's Underwriting Syndicates in which we are interested.

Whittington (Insurance & Finance) Ltd: Our operations are proceeding satisfactorily and a modest contribution has been made to Group profits.

Spire Homes Ltd: This Company is progressing. The Maidstone development is nearing completion and the Cliffe Estate should be completed by the Autumn, all houses having been sold. Further sites for development are being negotiated.

BURMA. I regret to write that we have made no progress in clearing up the thoroughly unsatisfactory position of the Company's affairs in this Country. We continue to make every effort by representations to the Burmese Government both ourselves and through Her Majesty's Government but so far without success.

INDIA. In spite of the very difficult conditions the food procurement agency for the Indian Tea Association functioned satisfactorily.

The Indo-Burma Petroleum Co. Ltd: A reversal of the trading position has been the feature of 1965. From the very competitive conditions and low margins in 1964, there is now an acute shortage of supply. This has affected kerosene in particular in which the I.B.P. have a proportionately greater trade than in other products.

The Company continues to pursue a policy of diversification by investing in industrial projects. These are making good progress under the circumstances but are facing difficulties arising from India's shortage of foreign exchange.

A dividend of 12½% on the Ordinary Capital was paid, the same as for 1964.

PAKISTAN. Restrictions on imports, and the war with India and its aftermath, made trading conditions unusually difficult and results from our operations in both Karachi and Chittagong were slightly poorer than last year.

These conditions continue.

CEYLON. Our Subsidiary E. B. Creasy & Co. Ltd. again had a reasonably good year but our other Subsidiary, Darley Butler & Co. Ltd. only achieved a very moderate profit. In both cases, Import Licensing restrictions hampered operations.

With the trend towards favouring "National" Companies when Import Licences are being allocated, we have considered it advisable to "Ceylonise" these Subsidiaries and arrangements to this end are in train.

The Moratorium, declared last year, on the remittance of dividends has now been partially lifted and it is satisfactory to record that we have received a substantial portion of the 1964 dividends due from these Subsidiaries.

**CHAIRMAN'S
STATEMENT**

(continued)

MIDDLE EAST. Our Associated Company, Spinney's (1948) Ltd., again had a satisfactory year and we received a dividend of 15 %, as compared with 10 % for 1964.

In Iraq, our Associated Company, Rafidain Developments Ltd., again did well. Political conditions, and a poor harvest, cloud the prospects for the current year.

EAST AFRICA. Our Associates, A. Baumann & Company, Limited, continue to trade on a satisfactory basis. During the past year the main event affecting our interest in East Africa has been the imposition of Exchange Control. The remittance of dividends is, however, still freely permitted.

CANADA. Our interests have progressed satisfactorily during 1965 with both turnover and profits showing increases. We expect that 1966 will show continued progress.

Although we have acquired no new interests in Canada since those referred to in my last Statement, we have recently completed arrangements for the construction of a modern lime plant at Kananaskis. This is being built a mile away from our present plant. The bulk of the finance required has been raised in Canada. We believe that apart from consolidating our leading position in the industry this substantial investment should result in a satisfactory increase in our Canadian profits in a few years' time.

Since I made my last Statement our Canadian investments have been consolidated into a Canadian non-resident investment company, Steel Brothers Canadian Holdings Limited; our operating company in Canada being now called Steel Brothers Canada Limited.

STAFF. On behalf of the Board I would record our very real appreciation of, and thanks for, the excellent work of our Staff frequently under increasingly trying conditions both abroad and in this Country. They are the keystone of our business.

PROSPECTS. It is even more difficult than usual to forecast the probable results for the current year but clearly these will be adversely affected by the devaluation of the Indian Rupee, the U.K. shipping strike and the Selective Employment Tax.

W. F. G. SALKELD,

Chairman.

